

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-039-25757
5. Indicate Type of Lease: FEDERAL STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. FEDERAL: JIC. Contrat 458
7. Lease Name or Unit Agreement Name JICARILLA 458-08
8. Well Number: #6
9. OGRID Number: 013925
10. Pool name/or Wildcat E. Blanco PC & Cabresto Canyon Tertiary RCVD FEB9'07

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

BLACK HILLS GAS RESOURCES, INC.

3. Address of Operator: c/o Agent, Mike Pippin LLC
3104 N. Sullivan, Farmington, NM 87401 505-327-4573

4. Well Location

Unit Letter C : 1050 feet from the North line and 1700 feet from the West line

Section 8 Township 30N Range 3W NMPM Rio Arriba County **DIST. 3**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
7178' GL

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Administrative Downhole Commingle ☒

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Black Hills requests administrative approval to downhole commingle the East Blanco Pictured Cliffs (72400) and Cabresto Canyon Tertiary (97037, which are both included in the pre-approved pools established by Division Order R-11363. Both intervals have common ownership and produce essentially dry gas. We have not experienced any significant cross flows between these two intervals, and all the fluids are compatible. Downhole commingling will improve recovery of liquids and gas, eliminate redundant surface equipment, and maximize productivity. Notice has been filed concurrently on form 3160-5 with the BLM.

These Gas & Oil allocations are based on either choke tests or metered tests taken during February 2007, in which the PC averaged 82 MCF/D & the Tertiary flowed 24 MCF/D. See attached calculations. The Tertiary pool does not produce oil.

GAS: Pictured Cliffs 77%
GAS: Tertiary 23%

OIL: Pictured Cliffs 100%
OIL: Fruitland Coal 0%

DHC 252 BAR

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Mike Pippin TITLE Agent, Petroleum Engineer DATE 2/9/07
Type or print name Mike Pippin E-mail address: mike@pippinllc.com Telephone No.: 505-327-4573

For State Use Only

APPROVED BY: [Signature]

Conditions of Approval (if any):

TITLE DEPUTY OIL & GAS INSPECTOR, DIST. III

DATE

FEB 09 2007

BLACK HILLS GAS RESOURCES, INC.
JICARILLA 458-08 #6 PC / Tertiary
C Section 8 T30N R03W
2/8/07

Commingle Allocation Calculations

OIL

The Cabresto Canyon Tertiary gas pool does not make any oil in the vicinity of the subject well. The East Blanco Pictured Cliffs gas pool does produce a little oil. Therefore, any and all oil will be assigned to the Pictured Cliffs.

GAS

The Tertiary (casing valve) choke test stabilized at 55 psi on a 1/8" choke for a 18 hour period on 2/9/07.

$$Q = .0555 * C * P \quad \begin{array}{l} C = \text{coefficient for } 1/8" \text{ choke} = 6.25 \\ P = \text{gauge pressure} + 15 \text{ psi} = 70 \text{ psi} \end{array}$$

$$Q = .0555 * 6.25 * 70 = \underline{24 \text{ MCF/D}} = \text{Tertiary.}$$

The Pictured Cliffs was tested on line from 2/1/07 through 2/8/07. During this period it averaged 82 MCF/D.

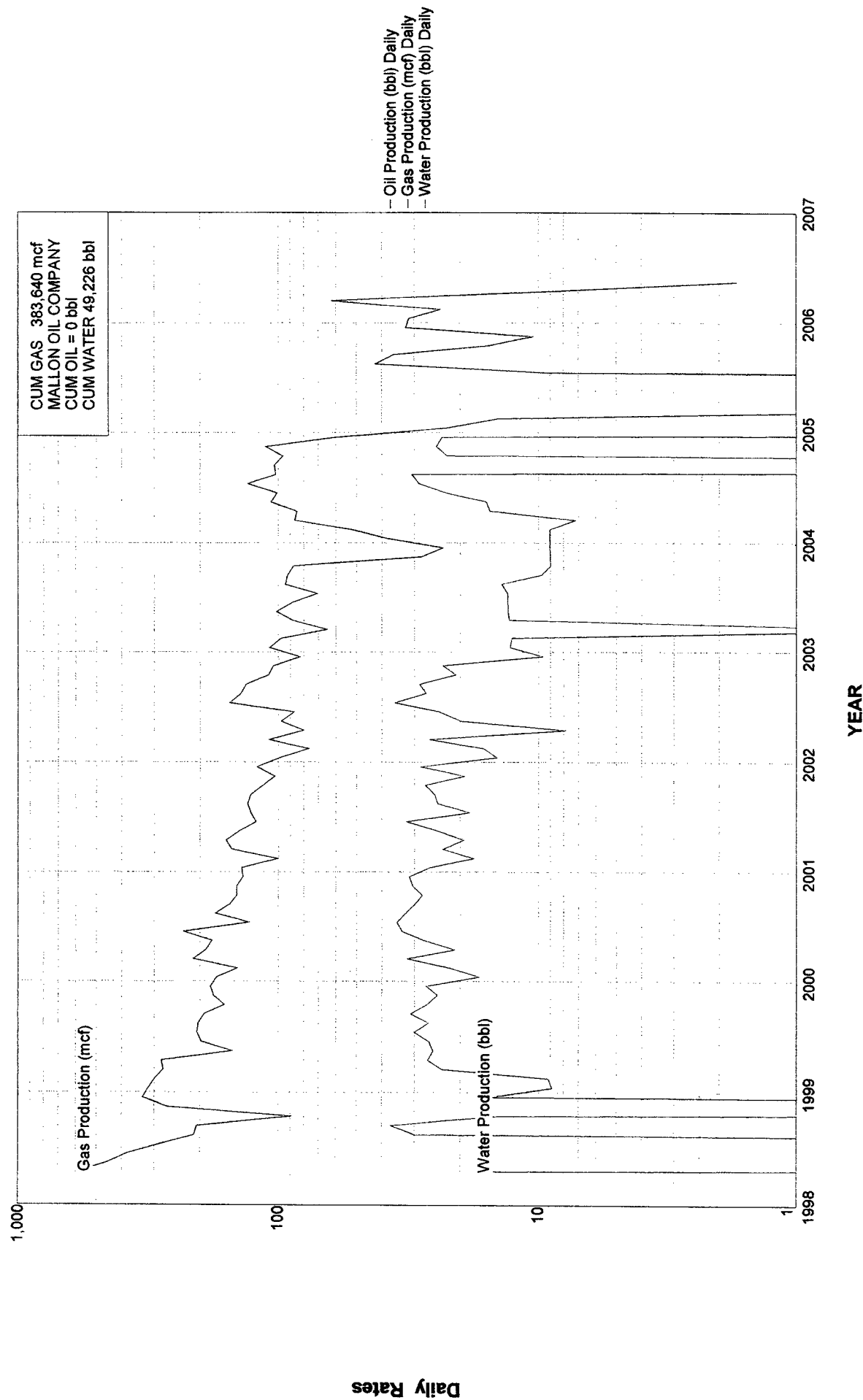
Total gas is $24 + 82 = 106 \text{ MCF/D}$

$$\% \text{ Pictured Cliffs} = \frac{82}{106} = 77\%$$

$$\% \text{ Tertiary} = \frac{24}{106} = 23\%$$

Lease Name: JICARILLA 458 08
County, State: RIO ARBA, NM
Operator: MALLON OIL COMPANY
Field: CABRESTO CANYON
Reservoir: TERTIARY
Location: 8 30N 3W SW NE NW

JICARILLA 458 08 - 6 8 30N 3W SW NE NW TERTIARY 04/1998 30039257570001



Lease Name: JICARILLA 458 08
County State: RIO ARBA, NM
Operator: MALLON OIL COMPANY
Field: BLANCO EAST
Reservoir: PICTURED CLIFFS
Location: 8 30N 3W SW NE NW

JICARILLA 458 08 - 6 8 30N 3W SW NE NW PICTURED CLIFFS 05/2006 30039257570002

